

credit union, provided settlement is made via the local MBF account or equivalent arrangements are made with the MBF.

(5) In countries served by MBFs operated under contract, credit unions shall purchase foreign currency only from the servicing MBF.

(i) The bulk rate purchase price shall apply to currency used by the credit union to make payments to vendors or to make payroll payments.

(ii) Credit unions that desire and are authorized to provide accommodation exchange services to its members shall acquire foreign currency from the servicing MBF at the MBF wholesale rate and sell it at a rate of exchange no more favorable than that available to customers of the MBF.

(6) Credit unions operating under a geographic franchise on an overseas DoD installation shall not publicize, display or sell vehicles on the installation.

(7) The NCUA or applicable state regulatory agency may review operations of overseas credit union offices either when it examines the main credit union or at other times of its choosing. For federally insured, state chartered credit unions, the applicable state regulatory agency also may examine credit unions operations.

§ 231.9 Definitions.

(a) *Automated Teller Machine (ATM)*. An electronic machine that dispenses cash, and may perform such other functions as funds transfers among a customer's various accounts and acceptance of deposits. Equipment generally is activated by a plastic card in combination with a personal identification number (PIN). Typically, when the cardholder's account is with a financial institution other than that operating the ATM, its use results in the assessment of a fee from the ATM network (e.g., Armed Forces Financial Network (AFFN), Cirrus, or PLUS) that processes the transaction.

(b) *Banking institution*. An entity chartered by a state or the federal government to provide financial services.

(c) *Banking office*. A branch bank, or independent bank operated by a banking institution on a domestic DoD installation or by a foreign banking in-

stitution on an overseas DoD installation.

(d) *Branch bank*. A separate unit chartered to operate at an on-base location geographically remote from its parent banking institution.

(e) *Credit union*. A cooperative non-profit association, incorporated under the Federal Credit Union Act (12 U.S.C. 1751 *et seq.*), or similar state statute, for the purposes of encouraging thrift among its members and creating a source of credit at a fair and reasonable rate of interest.

(f) *Credit union facility*. A facility employing a communications system with the parent credit union to conduct business at remote locations where a full-service credit union or credit union branch is impractical. Credit union facilities need not provide cash transaction services but must disburse loans and shares by check or draft and provide competent financial counseling during normal working hours.

(g) *Discrimination*. Any differential treatment in provision of services, including loan services, by a financial institution to DoD personnel and their dependents on the basis of race, color, religion, national origin, sex, marital status, age, rank, or grade.

(h) *DoD Component*. For the purposes of this part, DoD Components include the Office of the Secretary of Defense, the Military Departments, the Joint Chiefs of Staff, the Joint Staff and the supporting Joint Agencies, the Combatant Commands, the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, the Uniformed Services University of the Health Sciences, all non-appropriated fund instrumentalities including the Military Exchange Services, and morale, welfare and recreation activities, and all other organizational entities within the Department of Defense.

(i) *DoD Personnel*. All military personnel; DoD civil service employees; other civilian employees, including special government employees of all offices, Agencies, and Departments performing functions on a DoD installation (including nonappropriated fund instrumentalities); and their dependents. On domestic DoD installations,

retired U.S. military personnel and their dependents are included.

(j) *Domestic DoD installation.* For the purposes of this Regulation, a military installation located within a state of the United States, the District of Columbia, Guam or the Commonwealth of Puerto Rico.

(k) *Fair market rental.* A reasonable charge for on-base land, buildings, or building space. Rental is determined by a government appraisal based on comparable properties in the local civilian economy. The appraiser, however, shall consider that on-base property may not always be comparable to similar property in the local commercial geographic area. Examples of circumstances that may affect fair market rental include limitations of usage and access to the financial institution by persons other than those on the installation, proximity to the community center or installation business district, and the government's right to terminate the lease or take title to improvements constructed at the financial institution's expense.

(l) *Field of membership.* A group of people entitled to credit union membership because of a common bond of occupation, association, employment, or residence within a well-defined neighborhood, community, rural district, and other persons sharing a common bond as described by credit union board of directors policy or by Interpretation Ruling and Policy Statement (IRPS) 99-1. A field of membership is defined in the credit union's charter by the appropriate regulatory agency.

(m) *Financial institution.* This term encompasses any banking institution, credit union, thrift institution and subordinate office branch or facility, each as separately defined herein.

(n) *Financial services.* Those services commonly associated with financial institutions in the United States, such as electronic banking (e.g., ATMs and personal computing banking), in-store banking, checking, share and savings accounts, funds transfers, sales of official checks, money orders, and travelers checks, loan services, safe deposit boxes, trust services, sale and redemption of U.S. Savings Bonds, and acceptance of utility payments and any other

services provided by financial institutions.

(o) *Foreign banking institution.* A bank located outside the United States chartered by the country in which it is domiciled.

(p) *Full service credit union.* A credit union that provides full-time counter transaction services, to include cash operations, and is staffed during normal working hours by a loan officer, a person authorized to sign checks, and a qualified financial counselor. In overseas areas, "full service" includes cash operations where not prevented by:

(1) Status of forces agreements, other intergovernmental agreements, or host-country law.

(2) Physical security requirements that cannot be resolved by the credit union or local command.

(q) *Geographic franchise.* Authorization granted to a credit union by the Office of the Under Secretary of Defense (Comptroller) to provide financial services in a specific geographic region located outside the United States, its territories and possessions.

(r) *Independent bank.* A bank specifically chartered to operate on one or more DoD installations whose directors and officers usually come from the local business and professional community. Such operations are thus differentiated from county-wide or state-wide branch systems consisting of a head office and one or more geographically separate branch offices.

(s) *In-store banking.* An expansion of financial services provided by an on-base financial institution within the premises of a commissary store operated by the Defense Commissary Agency, a Military Exchange outlet, and other on-base retail facilities.

(t) *Malpractice.* Any unreasonable lack of skill or fidelity in fiduciary duties or the intentional violation of an applicable law or regulation or both that governs the operations of the financial institution. A violation shall be considered intentional if the responsible officials know that the applicable action or inaction violated a law or regulation.

(u) *Military banking facility (MBF).* A banking office located on a DoD installation and operated by a financial institution that the Department of the

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Treasury specifically has authorized, under its designation as a “Depository and Financial Agent of the U.S. Government,” to provide certain banking services at the installation.

(v) *National bank.* An association approved and chartered by the Comptroller of the Currency to operate a banking business.

(w) *On-base.* Refers to physical presence on a domestic or overseas DoD installation.

(x) *Operating agreement.* A mutual agreement between the installation commander and the on-base financial institution to document their relationships.

(y) *Overseas DoD installation.* A military installation (or community) located outside the states of the United States, the District of Columbia, Guam or the Commonwealth of Puerto Rico.

(z) *Part-time MBF.* A MBF that operates fewer than 5 days a week exclusive of additional payday service. When only payday service is provided, the MBF may be termed a “payday service facility.”

(aa) *Regulatory Agency.* Includes the Office of the Comptroller of the Currency, Department of the Treasury; the Federal Deposit Insurance Corporation; the Board of Governors of the Federal Reserve System; the respective Federal Reserve Banks; the National Credit Union Administration; Office of Thrift Supervision; the various state agencies and commissions that oversee financial institutions; and, for military banking facilities (MBFs), the Fiscal Assistant Secretary of the Treasury (or designee).

(bb) *State bank.* An institution organized and chartered under the laws of one of the states of the United States to operate a banking business within that state.

(cc) *Thrift institution.* An institution organized and chartered under federal or state law as a Savings Bank, Savings Association, or Savings and Loan Association.

[66 FR 46708, Sept. 7, 2001; 66 FR 54136, Oct. 26, 2001]

Subpart B—DoD Directive 1000.11

§ 231.10 Financial institutions on DoD installations.

(a) *Purpose.* This subpart:

(1) Updates policies and responsibilities for financial institutions that serve Department of Defense (DoD) personnel on DoD installations worldwide. Associated procedures are contained in subpart A of this part.

(2) Prescribes consistent arrangements for the provision of services by financial institutions among the DoD Components, and requires that financial institutions operating on DoD installations provide, and are provided, support consistent with the policies stated herein.

(b) *Applicability.* This subpart applies to the Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff, the Combatant Commands, the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities within the Department of Defense (hereafter collectively referred to as “the DoD Components”), and all nonappropriated fund instrumentalities including the Military Exchange Services and morale, welfare and recreation (MWR) activities.

(c) *Definitions.* Terms used in this subpart are set forth in subpart A of this part.

(d) *Policy.* (1) The following pertains to financial institutions on DoD installations:

(i) Except where they already may exist as of May 1, 2000, no more than one banking institution and one credit union shall be permitted to operate on a DoD installation.

(ii) Upon the request of an installation commander and with the approval of the Secretary of the Military Department concerned (or designee), duly chartered financial institutions may be authorized to provide financial services on DoD installations to enhance the morale and welfare of DoD personnel and facilitate the administration of public and quasi-public monies. Arrangement for the provision of such services shall be in accordance with this subpart and the applicable provisions of subpart A of this part.